

# The importance and necessity of the establishment of cooperatives in the sustainable development of rural areas

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## ARTICLE INFO

### Article history:

Received 02 Dec 2013

Received in revised form 02 Jan 2014

Accepted 10 Feb 2014

### Keywords:

Sustainable Development,  
Cooperatives,  
Agricultural,  
Rural

## ABSTRACT

**Objective:** Sustainable development in various aspects of human life has been entered. Sustainable development is one of the main areas in which the entry is found, rural development. Rural Development Administration is in fact a training course. And means of education in which education and training of both receptors interact. They needed information to rural areas, and to determine their problems and needs. **Methodology:** Information centers for further research into the problems of transfer has Given the importance of this article, the importance and necessity of the establishment of cooperatives in the sustainable development of rural areas. **Results:** The survey was carried out as the main obstacle to economic problems facing rural development was discussed. And agricultural cooperatives as a way to overcome these bottlenecks described. The need for a non-public financial institution and their functions were studied. **Conclusion:** To evaluate the performance and effectiveness of the agricultural funds covered SFIDA fund performance was evaluated. The purpose of libraries and tools for taking notes was used.

## 1. Introduction

Development effort to create a balance of unrealized or solution is to eliminate the pressures and problems that exist in the human and social life. Azkia (2003), at the conclusion of the discussion, development, meant to reduce poverty, unemployment, inequality, greater industrialization, improved communications, creating a social order based on justice and increase women's participation in political affairs, the current definition. Development of the social changes that increase production speed, only to increase production, which will destroy the environment, creates frustration, repressed desires expansion, inequality and injustice will not use, but in order to reduce the time for all, equitable distribution of wealth from labor to be served (Shafii, 2010). Among the different concepts of development in recent decades, a new concept of sustainable development as proposed. Of the most effective economic tools to achieve economic growth and move towards a productive economy and is considered to be trusted. And use it as a tool for sustainable economic and social change, cultural and environmental well-being of the community in the long term is mentioned. The ultimate goal of sustainable development is preservation and sustainability of resources for future generations with regard to the welfare and advancement of human life (Firouznia & Eftekhari, 2004). Sustainable development in various aspects of human life has been entered. Sustainable development is one of the main areas in which the entry is found, rural development. Rural Development Administration is in fact a training course and means of education which includes both education and training providers to interact. The information required to identify the problems and needs of the village and has taken. In addition to scientific problems it transfers further research on problem solving.

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DOI: <https://doi.org/10.24200/jmas.vol2iss04pp52-56>

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## 2. Materials and Methods

### *2.1. Economic problems, the main hurdle for rural development*

What are the causes of bottlenecks in a general understanding of their history goes back to where and how courses formed. The result can be an effective cause of the backwardness of rural development and inhibiting factors divided into several categories. Constraints related to natural and geographical conditions of the country's strategic position, political and social issues in rural areas, and infrastructure bottlenecks due to economic conditions in rural areas, rural mental constraints related to cultural characteristics (Shafii, 2010).

Economic issues are the most important factors in rural development and shortage of infrastructural facilities of the rural economy. In the rural development system should be accurate, complete set of manufacturer support. The system should be able to do such things as: the market, guaranteed purchase of livestock and agricultural products, setting a prospective production ... handle (Shafii, 2010).

### *2.2. Agricultural cooperatives and overcome financial constraints*

One of the most appropriate participatory models for economic and social relations in the process of empowering local people and non-governmental organizations (NGO) is. These organizations include a wide range of people working in agencies, unions and cooperatives are. According to the constitution, non-governmental organizations, cooperatives can most are in rural areas. In fact, cooperatives are important and unique marketing tools for farmers. Ownership and management to profitability, it is the responsibility of the original members. They allow farmers to choose private or public network marketing. Members of cooperatives in areas such as management decisions, financing, management and public relations are in trouble. In order to succeed, members of cooperatives increase revenue and reduce costs. And provide a service that is not provided by the cooperative sector. Cooperative tool for people with low power, for profit or device groups is the need to achieve common interests. Here it is, especially in the economic dimension (Balan, 1999).

### *2.3. The importance of public and non-governmental organizations (NGO) in the sustainable development of rural areas*

Sustainable development aim is to satisfy human needs and improve the quality of life was done. In this model, with an emphasis on participatory approaches to move from the bottom and two sides of the face may not be the ideal performance. However, that increase the ability of communities to respond to people's needs and the company is in the process of development. This approach is due to the presence of people in the local management trends in employment, justice and harmony with the environment. Strengthening communities and grassroots organizations have the power to make decisions on resources, the development of the region. What is the achievement of a sustainable society, it kind of development is not possible without the participation of the people. In other words, the development is a tool for growth and development and therefore people-centered human development, and this is particularly important for sustainable development. Because due to economic issues and the principles of sustainable development, in addition to being an all-round development, continuity and self-reliance (Amini, 1995) tends to balance regional and humanitarian purposes.

### *2.4. Rural cooperative employment practices with regard to the social and economic characteristics*

For the development of agriculture, economic development and social history shows that agricultural cooperatives and rural development sector are the most important levers. One of the great economic thinkers (Todaro, 2005) believes that development is dependent on rural development. The development of small farmers depends on agriculture and rural development. Between the rural and urban sectors, while the development, coordination should be established. Although mechanization of agriculture will be releasing energy, due to very high production rates for domestic and foreign markets employment growth. The Nordic countries, India, Egypt, China and many countries are indicative of the fact. The reasons cited for the failure of cooperatives. They include lack of funds, poor support staff, lack of skilled and efficient staff, administrative inefficiency, weak organizational structure, small size and economic cooperatives, excessive dependence on commodities control, lack of business knowledge or experience of the management committee, having a strong wholesaler or central institution for global purchasing, warehousing and sales in order to facilitate performance (Jafari, 2010).

### *2.5. Necessity of having non-governmental financial institutions*

In these countries, due to the inefficient financial markets, not only the bulk of the population cannot have access to financial resources. However, the mechanism of mobilization of resources and savings are not a good state (Management and Planning Organization, 2001). Despite these circumstances, the process of capital accumulation, delayed, reduced productivity, new areas of employment opportunities are limited, and greatly increases the cost of financing. Finally, due to the inability of the financial system in allocating savings to productive investments, savings is limited.

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## 3. Results and Discussion

These negative effects on the economic development of a society in developing countries, government financial institutions have a major role in the financial market. However, according to the evidence, these institutions often have very poor performance. While strongly supported by the state and by means of subsidies and many other economic activities continue (Bernolak, 2009). Due to the poor in developing countries and focus on the rural sector,

microfinance institutions (Iftekhar & Sakhawat, 1996) in the agricultural sector play a very important role in the development of financial markets and a means to enhance economic growth and development. These institutions provide financial services at very small levels, ranging from basic credit or savings equip young people, and at higher levels of economic growth and development leads.

Regulation of credit and financial institutions for the purpose of indigenous rural development is a necessity, and most countries are in the process of rural development having addressed this issue. Establish credit and financial institutions, especially in rural areas as in urban areas is common, economic feasibility and efficiency is not good, and so someone cannot do it. While in the process of transformation of the economic structure of rural subsistence economy - trade in a market economy, the capital and credit and financial institutions play a major role (Hassanzadeh & Qavidel, 2006). Therefore, the need for non-credit institutions in developing countries is quite clear. Nevertheless, the creation of these institutions to establish and support the initial state is formed. In this regard, our country has been done. Describes the performance results of the Fund cooperative financial institutions that are responsible for micro-credit NGOs through investment, maintenance and support facilities are established.

Actual assets such as land, gold and comes in durable goods. These have negative effects on the economic development of a society. In developing countries, government financial institutions have a major role in the financial market. However, according to the evidence, these institutions often have very poor performance, while strongly supporting the government, and using large subsidies to non-economic activities continue (Bernolak, 2009). Financial markets play and a means to enhance economic growth and development. These institutions provide financial services at very small levels, including initial credit deals, and higher levels of loan facilities to NGOs and growth of economic development.

Regulation of credit and financial institutions for the purpose of indigenous rural development is a necessity, and most countries are in the process of rural development having addressed this issue. The interesting thing is to establish credit and financial institutions, especially in rural areas as in urban areas are common. Economic feasibility and efficiency is not good, so someone cannot do it. While in the process of transformation of the economic structure of rural subsistence economy - trade in a market economy, the capital and credit and financial institutions play a major role (Hassanzadeh & Qavidel, 2006). Therefore, the need for non-credit institutions in developing countries is quite clear. But the creation of these institutions to establish and support the initial state is formed. In this regard, our country has been done. To describe the functional consequences of these financial institutions, non-governmental micro-credit, which is responsible for the formation of cooperative funds through investment, maintenance facilities are paid. The parent company specialized investment fund to support the development of the agricultural sector (SFIDA). To create a financial institution - credit we need to support specific investment in the agricultural sector action. The nature of the Company on a non-credit financing by producers is under construction So as to form and run themselves. Meanwhile, the government also funds and fund of up to 49% of the partnership.

The company began its activities with the aim of supporting agricultural producers, and in the brief time with the participation of NGOs and cooperatives, 35 cases of nonstate funds to establish national and regional. Of which 4 of the National Fund (nomadic, poultry, cattle and dairy) and 31 are provincial funds (Table 1). The Fund's primary investment activity in 1383 was 360 billion dollars. At the end of the year rose 88 billion in 1390. The process for optimum performance and effectiveness of these funds in the country's agricultural sector is very good (Figure 1).

**Table 1. The amount of capital funds to support the development of the agricultural sector (Shamsi & Safaei, 2012)**

Total assets 83 -1388 (million US \$)	Fund name	Row	Total assets 83 - 1388 (million US \$)	Fund name	Row	Total assets 83 -1388 (million US \$)	Fund name	Row
32670/06	Kerman	25	136195	Khouzestan	13	38457/1	Eastern Azarbayjan	1
57712	Kermanshah	26	17979	Livestock and livestock products	14	11709	Western Azarbayjan	2
21074	Golestan	27	28570/5	Zanjan	15	18845/87	Ardebil	3
9212.72127	Gilan	28	30003/9	Semnan	16	131074/91	Isfahan	4
20000	Dairy products	29	35723/4	Sistan Balouchestan	17	17604/29	Ilam	5
23538/553	Lorestan	30	32874/7	Birds industry	18	7185/29	Boushehr	6
43644	Mazandaran	31	57499/6	Nomadic	19	15218/946	Tehran	7
32181/4	Markazi	32	81526/8	Fars	20	18411/67	Jiroft and Kahnoj	8
13453/22	Hormozgan	33	40000	Qazvin	21	21695/9	Chaharmahal bakhtiari	9
47391/7	Hamedan	34	32142	Qom	22	16079/099	South Khorasan	10
53775/334	Yazd	35	6551/19	Kohgiluyeh booyer ahmad	23	17499	North khorasan	11 *
1264659/44	The total assets of the Fund of the country		24508/2	Kordestan	24	72651	Khorasan Razavi	12



Figure 1. The process of raising capital funds in the country 88-1383 (Shamsi & Safaei, 2012)

Fund to support the development of agriculture in North Khorasan province. To evaluate the performance and effectiveness of funds under SFIDA in agriculture can be described in a fund's performance by province (Table 1) noted. Fund to support the development of agriculture in North Khorasan province was selected for this purpose. In 1386, the fund was set up with 47 shareholders and an initial capital of USD 3,168,620,000, and in a short period of its activity can, the number of members is 83 shareholders and increase its share capital amounted to 50,000 million dollars. The Fund's capital increase (Figure 2) and the facilities already received by the Department of Agriculture f North Khorasan pollen (Table 2). The impact of these funds can be found in the agricultural sector, and the other side shows the trust and welcomed the organization of the agricultural sector in the province of this fund is to provide facilities that give the number of active organizations and the capital of the department of agriculture and horticulture in the box, can be seen. The highest proportion of facilities related to the same sub-sector (see Figure 2 and 3). The activity index by the following organizations took part in the province. The results are remarkable. The other sub-sectors are also due to the contribution of the investment fund, have been able to meet its liquidity facilities shortage. and effective steps to address the problems of the producers and consumers to take part. In summary, it can be an indicator of the Fund, including the agricultural sector as follows: Payments purchase directly from the producers of agricultural products (cereals, apple, and tomato). Timely payment to suppliers of agricultural inputs (improved seeds, fertilizers, etc.). Market regulation in critical situations (apple of Eve). Financial support from the following organizations in the livestock sector to develop activities such as production and distribution (barley, concentrate, corn ...). Credit that is taken to make the market supply of agricultural products (the city Bojnoord). Figure 3 shows each share of the agricultural sector of the North Khorasan Agricultural Sector Development Facility Fund (the 87 first half of 1389) (Shamsi & Safaei, 2012)

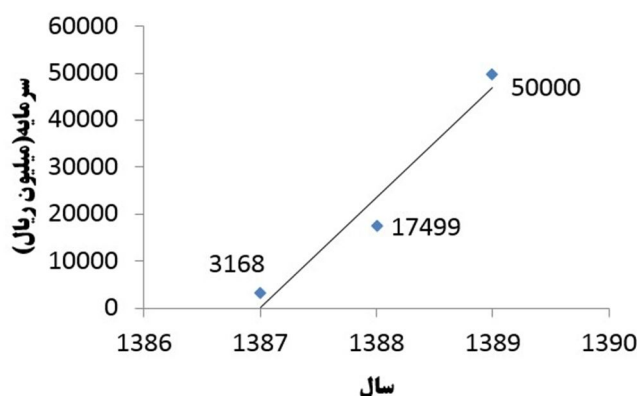
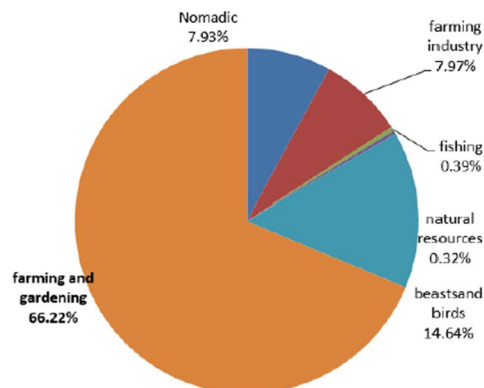


Figure 2. The Capital Fund to support the development of agriculture in North Khorasan first half 89-1387 (Shamsi & Safaei, 2012)

Table 2. Facilities already received by the Department of Agriculture f North Khorasan pollen.

Sum (million USD)	89	88	87	Capital under section Drsndvq	The number of organizations in the sector	Under the name
437/40674	137/22409	2/13119	1/5146	(Millions of dollars)	57	Agriculture and Horticulture
8662	4361	3247	1054	4363/25	9	Livestock and Poultry
190	190	0	0	2150	3	Natural Resources
233/7	3/146	3/13	1/74	106	6	Fisheries
4716/275	6/4263	675/452	0	23	2	Agriculture Industry
4693	5/1589	5/2229	874	25/1027	5	Tribal
59169/412	537/32959	675/19061	2/7148	1255	82	Sum



**Figure 3. Each share of the agricultural sector of the North Khorasan Agricultural Sector Development Facility Fund (the 87 first half of 1389) (Shamsi & Safaei, 2012)**

#### 4. Conclusion

Trend of rural communities in the past two decades suggests that many changes have occurred in the rural community of diverse dimensions which results in changing the face of rural areas and taking them out of the state of underdevelopment and poverty. Rural communities, including human and agricultural production and rural infrastructure know. It seems that most of the improvement was only in the rural infrastructure. And significant progress has occurred in other areas. So that the rate of migration from rural poverty indicators such as per capita income, and so is the story of the underdevelopment of rural communities. The capital. Through solving the economic problems of non-governmental organizations (NGO) to create new employment opportunities and increase the capacity of rural communities to provide income. The creation and expansion of financial institutions, NGOs can play an important role in moving towards sustainable development in the rural areas. Especially it is verified in the East Asian countries experience in the operation of such institutions.

We also support the development of agriculture in the country, including the adoption of Article 17 is to increase productivity in the agricultural sector. Much of his work has been removed barriers to development And very good strategies for mobilizing resources support the government's 49% share of the NGO law is seen. That government support for the establishment and operation of funds, the county, and specialty products, all shareholders of the Fund, the country's agricultural producers. The Fund benefited from special services and sustainable developments at the center of the village are provided.

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#### How to Cite this Article:

Hosseinisafa, S., Abbasi, M. R., Harurani, M., The importance and necessity of the establishment of cooperatives in the sustainable development of rural areas, Uct Journal of Management and Accounting Studies 04 (2014) 52-56.